

**EXHIBIT B**  
**QUESTIONS AND ANSWERS: STATUS OF COMPLETION**  
**As of February 26, 2003**

Item Number	Date of original request	Question presented	Status of action on request as determined by the Consultants	Status and Answers per Premera
1	13-Dec-02	Does Premera interpret the indemnification agreement to require the Foundation Shareholder to indemnify Premera from the potential loss of the sec. 833b deduction or other future tax liabilities as a result of the loss of an existing tax status? If not, what is Premera's interpretation?	Complete Response	See 0030092.
2	13-Dec-02	Does Premera interpret the conversion claims, Nontax indemnity, and transactional claims provisions to encompass tax liabilities? If not, what is Premera's interpretation?	Complete Response	See 0030092.
3	13-Dec-02	Does Premera interpret the "Nontax Indemnity" section of the Indemnification Agreement to make the Foundation Shareholder liable for any and all claims, damages, etc. that might result from the conversion, including Premera's attorney fees? If not, what is Premera's interpretation?	Complete Response	See 0030092.
4	13-Dec-02	Are any of Premera's product lines currently exempt from a premium tax, but might become subject to premium tax after the conversion?	Complete Response	See response to request #E442. Health plans that offer FEP coverages, a federal government health benefit program, do not pay state premium taxes for premiums collected or payments made in connection with that program. This exemption applies to all health plans regardless of whether a plan is organized as a for-profit or non-profit corporation.
5	20-Jan-03	Within the RVCN file, does Type (Year) 2002A equal the following: Does the column "JUN" equal the first two quarters (full 6-months) worth of data? Does the column "SEP" equal the third quarter (3 months) worth of data? Does "PREMEQ" equal premium equivalents?	Complete Response	Jun and Sept. are both year to date. PREMEQ does equal prem equivalents.

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6	20-Jan-03	Assuming the answers to number 5 above are all yes, why is there no PREMEQ for LOBs "National Accounts" and "BLUECARD HOST MBS = GROUP W WA"?	Complete Response	Due to the acctg change this year (see E490), we provided as much historical information as possible back to 1999. We had BlueCard information for 2000 and 2001. We had National account information only for the current year.
7	20-Jan-03	Assuming the answers to number 5 above are all yes, for PREMEQ, why are the SEP figures approximately twice the JUN figures, when JUN has 6 months of data and SEP contains 3 months of data?	Complete Response	See #5
8	20-Jan-03	Why doesn't the 2002 projected net income calculation (all figures) for Alaska as reported in the Statement of Operations - Statutory (Form A, Exhibit A-6) tie to WA74 (note, this is after FEP AK and Medicare Supplement AK have been reclassified from WA to AK)? See Excel file attached below:	Complete Response	At the time of completing the AK Form A, the WA 74 was not split by state for FEP. When the AK Form A was completed, we had to make an estimate of the split at the time. Subsequently, WA 74 was split by state for FEP and the actual WA/AK split varied from our estimate in the AK Form A for revenue. Benefit expenses for the AK Form A were based upon more current information at the time of completing the AK form A for the 2002 data. In addition the Selling, General & administrative (SG&A) used for the AK Form A were 2002 budget as the WA 74 did not allocate the general & administrative expenses to line of business at that point. The only other differences are the AK Form A is statutory accounting. The stat adjustments are to move the administrative fees revenue as a credit to SG&A expenses along with an adjustment to move the loss adjustment expenses from claims expense to SG&A.
9	20-Jan-03	What is the reason the medicare reimbursement reclass is no longer necessary (refer to Request E 489)?	Complete Response	See E490

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10	20-Jan-03	What is driving the actual increase in Administrative fees of \$9 million (refer to Request E 489)? Please be specific and quantify your response where possible.	Complete Response	When comparing administrative fees 2001 compared to 2002, we have had increases in all lines of business. These include the following: ASC - \$3.9 million; Medicare Part A - \$0.7 million; National accounts and Bluecard - \$3.0 million and WEA - \$ 0.8 million
11	20-Jan-03	Does the company have any derivatives or embedded derivatives as defined by FAS133 (either on the investment or liability side).	Complete Response	No.
12	20-Jan-03	The FEP UEP reserve was not updated as of September 30, 2002, please identify what the correct FEP UEP was at that time?	Complete Response	That FEP UEP is updated annually. The updated amount will be provided with the 2002 financial information.
13	20-Jan-03	What is driving the fluctuation in the pension equity plan's actuarial gain / loss between December 31, 2001 and December 31, 2000?	Complete Response	Market conditions.
14	20-Jan-03	What are the components of the pension equity and other post retirement plans balance September 30, 2002 (ie. PBO, plan assets, actuarial gain / loss etc.).	Complete Response	Our pension valuation is performed at December 31, 2002. See request # E463 and E#469 for the actuarial reports.
15	20-Jan-03	What did the "Unclassified Assets" and the "Software capitalized" accounts decrease to at December 31, 2002 as a result of the sale leaseback transaction?	Complete Response	The sale leaseback transaction was \$33.1 million dollars. Unclassified assets decreased by \$26.1 million and software capitalized decreased by \$7.0 million, net of amortization.

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16	20-Jan-03	The September 30, 2002 MD&A states that the company "has realigned the investment portfolio to decrease the concentration in equity securities to 8%", however, we have calculated equities at approximately 10% (using fair value). What is the reason for the difference? Are other investments and cash and cash equivalents considered in the 8% target? What percentage of the total investment portfolio do equities represent at December 31, 2002?	Complete Response	The 8% is a target. Cash and cash equivalents are not considered in the 8% target. Equities represent 8% of the total investment portfolio (excluding equity in affiliates) at 12/31/02. See
17	20-Jan-03	Are there any securities on a watch list for potential impairment at December 31, 2002?	Complete Response	See request #C253.
18	20-Jan-03	Was there an analysis prepared at December 31, 2001 identifying all securities where the fair value had declined below 80% of the amortized cost / cost AND sustained this decline for greater than 6 months? If not, what process did the company undertake to ensure that the impairment recorded during 2002 did not related to a prior period?	Complete Response	No specific quantitative analysis was performed at December 2001. However, based upon our review of assets, none were deemed other than temporarily impaired at that time. Based on the fact that no assets were considered other than temporarily impaired at December 2001, no analysis was done in June 2002 to determine if the impairment related to a prior period.
19	31-Jan-03	Please provide an explanation of the legal authority for the proposed transfer of insurance contracts.	Response	At the 02/25/03 meeting between Premera and the state regulators, Premera explained its position on this issue. The state regulators are considering Premera's explanation.
20	1-Feb-03	Please provide an explanation of the legal authority for the proposed transfer of licenses and registrations.	Response	At the 02/25/03 meeting between Premera and the state regulators, Premera explained its position on this issue. The state regulators are considering Premera's explanation.